



NORTH DAKOTA DEPARTMENT OF COMMERCE

REPORT TO THE JOINT INDUSTRY BUSINESS & LABOR COMMITTEE

Presented by the North Dakota Department of Commerce
January 2011

North Dakota

North Dakota
DEPARTMENT OF COMMERCE

NORTH DAKOTA DEPARTMENT OF COMMERCE

HIGHLIGHTS & RESULTS FOR THE BIENNIUM 2009-2010

The North Dakota Department of Commerce works to improve the quality of life for North Dakota citizens by leading efforts to attract, retain and expand wealth. Commerce serves businesses and communities statewide through committed people and partners who offer valuable programs and dynamic services.

DEFINING THE STRATEGY

Commerce focuses its efforts through four strategic priorities:

/// **Business, Community & Industry Development**

– delivering initiatives, programs and services that support business, community and industry growth.

/// **Workforce & Volunteer Attraction, Retention & Expansion** – improving the state's ability to attract, retain and expand talent.

/// **Employee Satisfaction, Contributions & Growth** – creating a culture that drives individual and organizational improvement.

/// **Internal Operations** – improving the productivity of the overall organization.

LEADING THE STATE'S COMMUNITY & ECONOMIC DEVELOPMENT

At Commerce, we take our mission seriously and continue to strive to improve the quality of life for the citizens of North Dakota. During the past two years, our four divisions have advanced this mission in a variety of ways.

- /// **Tourism** is working to build North Dakota's "Legendary" brand and as our third largest industry, tourism contributes \$4.13 billion to the state's economy.
- /// **Community Services** leads the state's efforts to build, maintain and rehabilitate community infrastructure including vital services to many of our most needy people. This division directs millions of grant dollars into our communities to improve the quality of life for thousands of people.
- /// **Workforce Development** is spearheading efforts to attract and retain workers and is educating our state's youth on promising career opportunities in North Dakota.
- /// **Economic Development & Finance** works with partners statewide to grow North Dakota's five targeted industries.

The many programs and services offered by Commerce are highlighted in this report along with measurements of our overall success.

– Paul Govig, *Acting Commissioner*

BUSINESS, COMMUNITY & INDUSTRY DEVELOPMENT

Commerce provides a diverse group of programs and services, as well as a number of initiatives, that support business, community and industry growth.

New Business & Expansions

Charged with coordinating and focusing the state's economic development resources, the Commerce business development team works closely with national and local partners. Through aggressive marketing, developers generated 68 leads for new project development activity from businesses considering North Dakota, and they have provided assistance to many companies and partners.

New businesses or expansions completed in the past two years: 17

Total employment (direct/indirect) projected through 2015: >1,500

Personal income projected through 2015: >\$460 million

Economic output projected through 2015: >\$2 billion

/// **State tax revenue projected through 2015: >\$90 million**

Other Business Development Highlights

- /// **New projects actively considering North Dakota or who have an interest level in the state: 80**
- /// **Company site visits to North Dakota: 30**



WWW.NDCOMMERCE.COM



TOURISM DRAWING LEGENDARY VISITORS

As the state's third largest industry, tourism and the results of our Tourism Division and their partners'

efforts continue to be good for North Dakota, providing new dollars, new attractions and new awareness about all our state offers. North Dakota has had the highest percentage tourism growth in the country the last two years.

/// **Return on Investment:** According to the U.S. Travel Association, North Dakota's tourism industry leads the nation in growth:

- Only state with double-digit growth in visitor expenditures – increase 10.8 percent
- Increases in: travel-based employment – 5.1 percent; payroll – 11.1 percent; and travel-generated taxes – 9.1 percent
- An 11.5 percent average growth in tourism spending in all counties since 2006
- Only state with growth in revenue per available room - 5.8 percent increase in 2009, and 12.9 percent increase through November 2010

/// **NDTourism.com Extending Our Reach:** Continued enhancements to the tourism website and increased popularity of online travel planning allows 24/7 access to North Dakota.

- Unique visitors for 2010 up 28 percent through November 2010
- Traditional inquiries (mail or toll-free number) down 12 percent
- Digital travel guide received 23,425 views and more than 10,000 page prints
- New mobile site offers smart phone ease

/// **Social Media Presence:** Use of social media to increase awareness among consumers through Facebook, Twitter, Flickr, blog, electronic newsletters, RULegendary.com and YouTube.

/// **Materials Making an Impact:** Tourism produces a variety of travel and recreation information guides distributed throughout the state and in targeted markets. Distributions for this biennium include:

- Travel Guides – 720,000
- Hunting Guides – 120,000
- Cultural & Heritage Guides – 350,000
- State Maps – 1.2 million

/// **Cooperative Programs:** Partners participate in a variety of cooperative marketing, public relations, publication and brochure distribution, and advertising opportunities as well as:

- Expansion & Marketing Grants: 41 grants awarded – \$320,465
- Outdoor Recreation Promotion: 22 partners participated in 17 shows

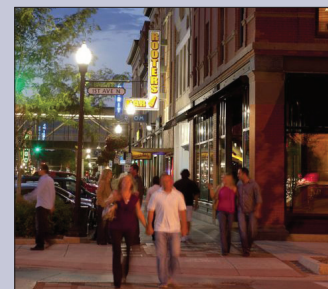
FOSTERING ENTREPRENEURS – INNOVATE ND

Innovate ND is providing education and support to help people turn business ideas into reality in North Dakota.

Business ideas submitted in 2009-2010: 202

Total number of participants in 2009-2010: 387

/// **Total new businesses in operation or development in state: 100**



Commerce Partner Program



SUPPORTING SMALL BUSINESS DEVELOPMENT

The Small Business Development Center provides business assistance in the form of counseling, training, and research to existing and prospective small businesses which results in job creation or retention and economic wealth.

Businesses served: 2,253

Hours of consultation: 12,202

Businesses started: 171

Jobs created: 787

Jobs retained: 705

/// **Total capital infused into small businesses in 2009-10: \$126.2 million**



Gussiaas Family Farm, Inc., Carrington, received \$38,000 from APUC to research and market brown and golden flax and a number of organic and non-organic borage.

Photo credit: www.healthyoilseeds.com

CENTERS OF EXCELLENCE

The Centers of Excellence are hubs of research and development at North Dakota colleges and universities that partner with private companies to commercialize new products and services. The centers are exploring research in the fields of energy, agriculture, life sciences, electronics, aerospace and manufacturing.

Since 2005, the Legislature has approved a total of \$60.0 million for the program. Of these funds, the Centers of Excellence Commission has awarded \$57.8 million, launching 20 new Centers of Excellence.

Partners – 190 private sector companies participating

- 18 new or expanded businesses

Jobs – 1,017 new direct jobs, 318 indirect jobs

Total impacts through June 30, 2010

- /// **Total state dollars spent: \$26.2 million**
- /// **Total economic impact: \$406.5 million**
- /// **Total increase in tax collections: \$7.3 million**
 - Sales & Use - \$4.3 million
 - Personal Income - \$2.3 million
 - Corporate Income - \$0.7 million

AGRICULTURAL PRODUCTS UTILIZATION COMMISSION

APUC works to create new wealth and jobs through the development of new and expanded uses for North Dakota agricultural products. APUC administers grants for basic and applied research, marketing and utilization, farm diversification, nature-based agri-tourism, prototype technology and technical assistance.

Total sponsored projects in 2009-10: 44

/// **Total funding provided: \$1.4 million**

APUC STATEWIDE IMPACT MAP INCLUDED IN APPENDIX

ENERGY EFFICIENCY & RENEWABLE ENERGY

Commerce is involved in many activities to promote energy efficiency in both the public and private sectors and to facilitate the development and use of renewable energy sources within the state.

Total energy grants: 104

/// **Total funding provided: \$13.8 million**

EMPOWER NORTH DAKOTA

EmPower ND was created by the Hoeven Administration in 2001. In 2007 and 2010, representatives from all of the state's energy sectors gathered to develop and enhance a comprehensive, multi-resource energy policy. The 2010 policy includes 20 key goals, 51 policy recommendations and nearly 100 action items.

/// **New energy investments in North Dakota since 2005: \$12 billion**



DEVELOPMENT FUND

Providing important gap financing for companies starting or expanding in North Dakota, the Development Fund coordinates efforts between all financial sources, business and community. Since Jan. 1, 2009, the Development Fund has invested \$7.7 million through 50 loans in 19 cities.

Total jobs at time of funding: 738

Total jobs projected for project year 1: 1,000

Total jobs projected for project year 2: 1,088

/// Total dollars leveraged for each \$1 funded: \$9.38

DEVELOPMENT FUND STATEWIDE IMPACT MAP INCLUDED IN APPENDIX

Ideal Aerosmith, Grand Forks, accessed a \$250,000 loan from the Development Fund which helped them double their sales volume and add a dozen new positions within the last three years.



The Watford City renaissance zone gave a new look to many downtown buildings and shops.

RENAISSANCE ZONES

By providing incentives to investors to find new uses for existing buildings, Renaissance Zones are helping to attract new businesses and housing to downtown areas across the state. Properties are adding significant value to downtown areas. One West Fargo project alone will potentially create 20 full-time jobs.

Total cities participating: 49

/// Total approved/completed projects: 949/726

RENAISSANCE ZONE STATEWIDE IMPACT MAP

INCLUDED IN APPENDIX



COMMUNITY DEVELOPMENT BLOCK GRANTS

CDBG provides financial assistance to local governments through grants and loans for public facilities, housing rehabilitation and economic development projects. The primary benefactors of projects using CDBG funds must be low to very low income individuals.

Total homes rehabilitated: 130

Total proposed jobs from projects: 167

Total dollars expended in match funds: \$11.4 million

/// Number of people impacted: 19,178

CDBG STATEWIDE IMPACT MAP INCLUDED IN APPENDIX

CDBG projects featured at right, top to bottom: Forman sewer replacement, Minnewauken water tower project, Bismarck 5th Street Renaissance Zone.

SUPPORTING COMMUNITIES SUPPORTING PEOPLE

Programs to support community development and stability are an important part of Commerce's work. Programs to benefit low and moderate income citizens and communities include:

- /// Community Development Block Grants (CDBG)
- /// Community Services Block Grants (CSBG)
- /// Childcare Grants
- /// Homeless Grants
- /// HOME Program
- /// Manufactured Housing

EMERGENCY GRANTS

On any given day in North Dakota more than 900 people are homeless. Through federal funding, Commerce delivers financial assistance to facilities and programs within North Dakota which provide temporary shelter to homeless individuals.

- /// More than \$766,000 was awarded in 2009-2010 to 24 homeless and domestic violence providers.
- /// Over \$420,000 from the Shelter Plus Care was provided for housing assistance grants to more than 59 families with disabilities.

COMMUNITY SERVICES BLOCK GRANTS (CSBG)

The CSBG is an anti-poverty grant that is used to address low income challenges such as employment, education, income management, housing, emergency services, nutrition, self sufficiency and health.

For 2009-10, North Dakota received \$6.8 million in CSBG funds and another \$4.5 million in CSBG stimulus funds that were allocated through seven community action agencies providing services in all 53 counties. Community action agencies use these funds with other public and private funds to best serve the low income population.

Total CSBG funds distributed to communities in 2009-10: \$11.3 million

/// **Number of people impacted: 20,979 people in 14,577 families**



FEEDING FAMILIES ONE BACKPACK AT A TIME

The Backpacks for Kids program was started in Bismarck to provide nutritious food on the weekends to low-income children who are homeless or not living in stable home situations. In 2009, the program was expanded into Mandan. CSBG funds, along with funding from other grants, businesses, donations and churches support the program.

Backpacks for Kids served nearly 450 children weekly in 2009.

HOME PROGRAM

The North Dakota HOME program has two primary activities: home owner assistance and rental unit production and assistance. Results this biennium:

Affordable rental units produced: 53

Homebuyers assisted: 184

Single family homes rehabilitated: 61

/// **Total funding provided for home rental, acquisition, rehabilitation and construction: \$3.6 million**

CHILDCARE GRANT & LOAN PROGRAMS

Beginning in 2009, the Legislature allocated \$500,000 for childcare grants to assist North Dakota child care providers with infrastructure and technical assistance/business plans. Also allocated, \$1.25 million in childcare loans for facilities, equipment or working capital.

Total Childcare grants given as of November 30, 2010: 149

/// **Total grant dollars allocated as of November 30, 2010: \$433,000**

Total Childcare loans accessed as of December 31, 2010: 10

/// **Total dollars loaned as of December 31, 2010: \$505,000**

WORKFORCE & VOLUNTEER ATTRACTION, RETENTION & EXPANSION

WORKFORCE & VOLUNTEER DEVELOPMENT

Workforce shortages are a top challenge facing North Dakota businesses today. Commerce is focused on improving the state's ability to attract, retain and expand talent and spearheads a number of initiatives to build the state's pool of qualified workers.



WEBFAIRND.COM

WebFairND is a virtual career and internship fair that highlights internships and employment opportunities in North Dakota. The event is another way Commerce is working to help businesses find good employees and help North Dakota college students and others find meaningful employment in North Dakota. WebFairND is free to job seekers and students.

Commerce has hosted four WebFair events, the most recent in October 2010, which included:

Number of companies participating: 33

Number of full-time jobs and internships posted: 194

Total unique visitors to WebFairND.com in the 31-day period: 7,507

EXPERIENCE NORTH DAKOTA

Experience North Dakota provides one-to-one personalized assistance to individuals and families to support their quest to call North Dakota home. Commerce's relocation services include assisting with job searches to locate opportunities that out-of-state people can't find from their current location.

Commerce provides customized answers to tough questions on everything from local schools and childcare to taxes and veterinarians. Commerce also hosts events in targeted out-of-state markets designed to bring together job seekers with North Dakota employers in a fun, family friendly environment.

Since the program's inception in July 2008, Commerce has assisted 263 families and individuals relocate to North Dakota. Additionally, Job Service North Dakota figures show that 10,251 out-of-state job seekers have become employed in the state since 2008.

The site is generating an average of 65 visitors per day spending nearly 3 minutes per visit. The site had more than 24,000 unique visitors in 2010.

NORTH DAKOTA AMBASSADOR PROGRAM

The Ambassadors program is a network of people who act as North Dakota's volunteer salesforce promoting the state as a great place to live, play, work and do business. Through social networks, over 6,600 Ambassadors stay connected to North Dakota daily, receiving news and information through Facebook, Twitter, YouTube, e-news and more.



A large majority of attendees at Experience events are young families looking for excellent jobs that provide opportunity for them to return to North Dakota.



WORKFORCE & VOLUNTEER ATTRACTION, RETENTION & EXPANSION

TALENT INITIATIVE

Commerce is coordinating workforce development efforts among state and local entities. The goal is to attract, retain and expand talent and volunteers:

- /// increasing the quantity and quality of North Dakota's workforce.
- /// guiding potential job seekers and volunteers to choose opportunities in state.
- /// ensuring stakeholders have relevant workforce and volunteer information.

AMERICORPS

AmeriCorps is a national service program helping communities address their critical community service needs, while giving practical career experience to its volunteers.

Number of projects: 7

/// **Total members: 130**

WORKFORCE ENHANCEMENT

Workforce Enhancement Grants are available to North Dakota's 2-year colleges to help education leverage funding matches from the private sector in building programs responsive to their workforce needs. A total of \$851,000 in state funds has supported six projects as of December 31, 2010.



OPERATION INTERN

Operation Intern is designed to expand internship, work experience and apprenticeship

opportunities available with North Dakota employers.

Employers in the state's targeted industries can access up to \$6,000 of matching funds for each new position created.

Businesses participating: 119

Number of new positions created: 189

/// **Number of interns hired for full-time jobs: 18**



NiSC in Mandan is giving four interns opportunities in software development and project management thanks to Operation Intern.

YOUTH FORWARD

Youth Forward connects people ages 12-24 to a future in North Dakota by promoting jobs, entertainment, education and opportunities in our state. The program is continuously growing its network of youth through the use of social networks, such as Facebook and Twitter.



People reached with career and education opportunities information:

/// **Student leaders and advisors: >2,000**

/// **Rural high school students and parents: 800**

/// **Career advisors: 600**

CAREER CONVERSATIONS

Career conversations educates high school students and their supporters about strong career opportunities in North Dakota. Commerce coordinates interactive "career conversations" using webcams that link students in a classroom to workers in high-wage/high-demand occupations. Videos of each conversation are captured and posted online for future viewing.

Career conversations videos posted as of December 31, 2010: 14

/// **Number of views: 8,700**

Career conversation videos being added in January 2011: 15

INTERNAL OPERATIONS & EMPLOYEE SATISFACTION

Commerce strives to be an employer of choice and to create a culture that drives individual and organizational improvement.

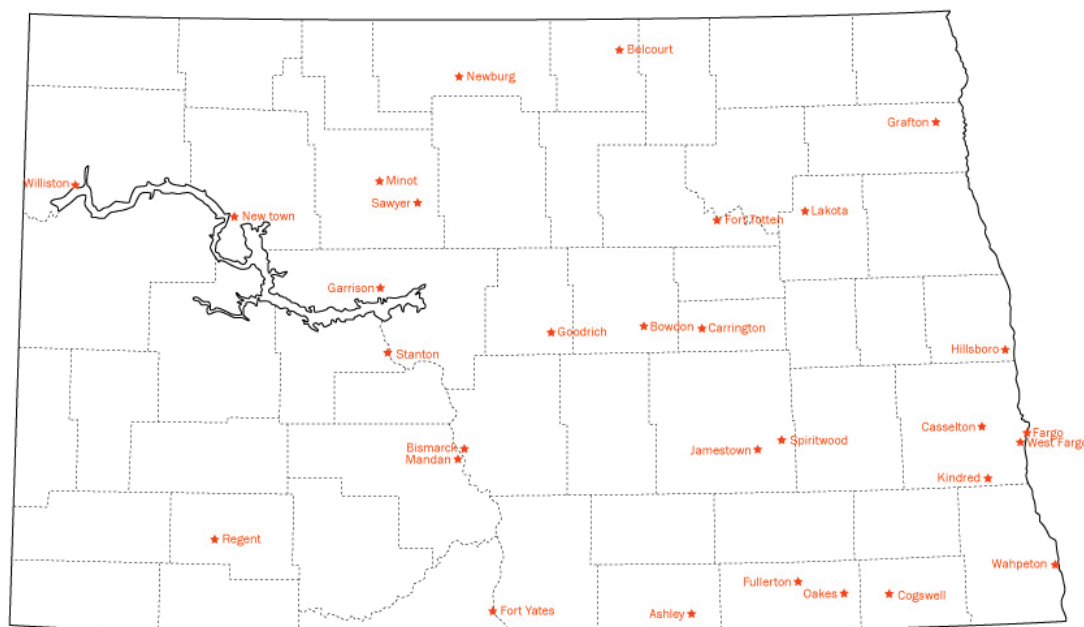
OPERATIONS STRATEGY

The Commerce Operations Strategy is the architectural backbone for all activities. Budgets, employee goal agreements and program execution flow from the this strategy. Commerce recognizes that to achieve our vision, deliver on our mission and operate within our values, we need to implement and evaluate this Operations Strategy on a consistent basis. The Operations Strategy was first developed with input from all Commerce employees in January 2008 and is reviewed and updated annually.

APPENDIX – COMMERCE COMMUNITY IMPACT MAPS

COMMUNITIES IMPACTED BY COMMERCE PROGRAMS

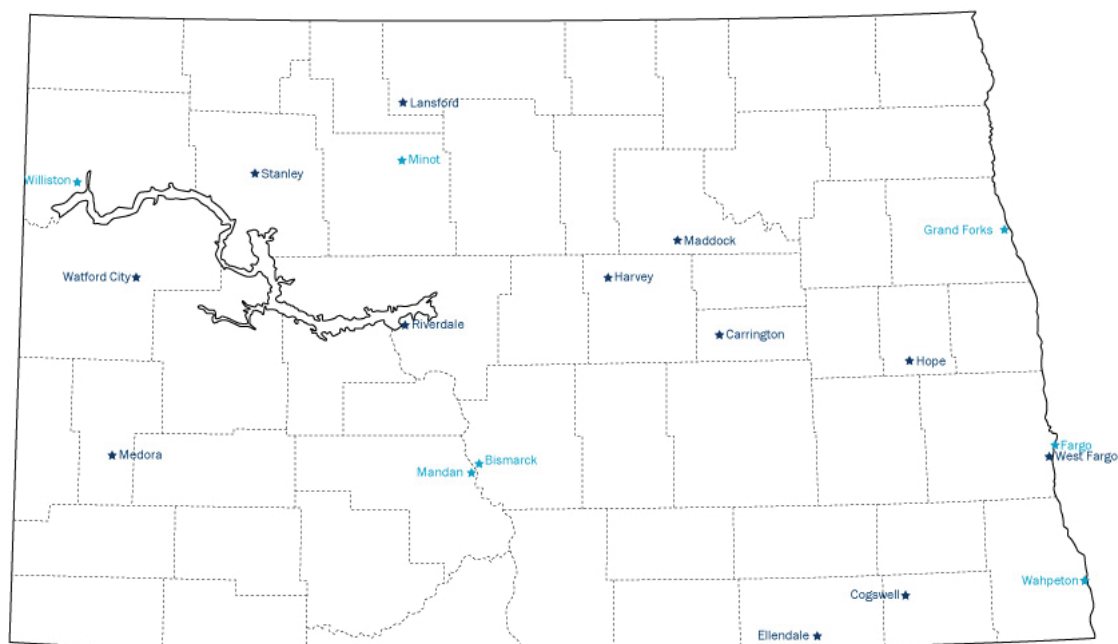
/// AGRICULTURAL PRODUCTS UTILIZATION GRANTS • 2009-2010



**APUC
PROJECTS
44**

**TOTAL
FUNDING
\$1.4 MILLION**

/// DEVELOPMENT FUND – RURAL REVOLVING LOAN FUND • 2009-2010



**DEVELOPMENT
FUND
26**

**RURAL REVOLVING
LOAN FUND
14**

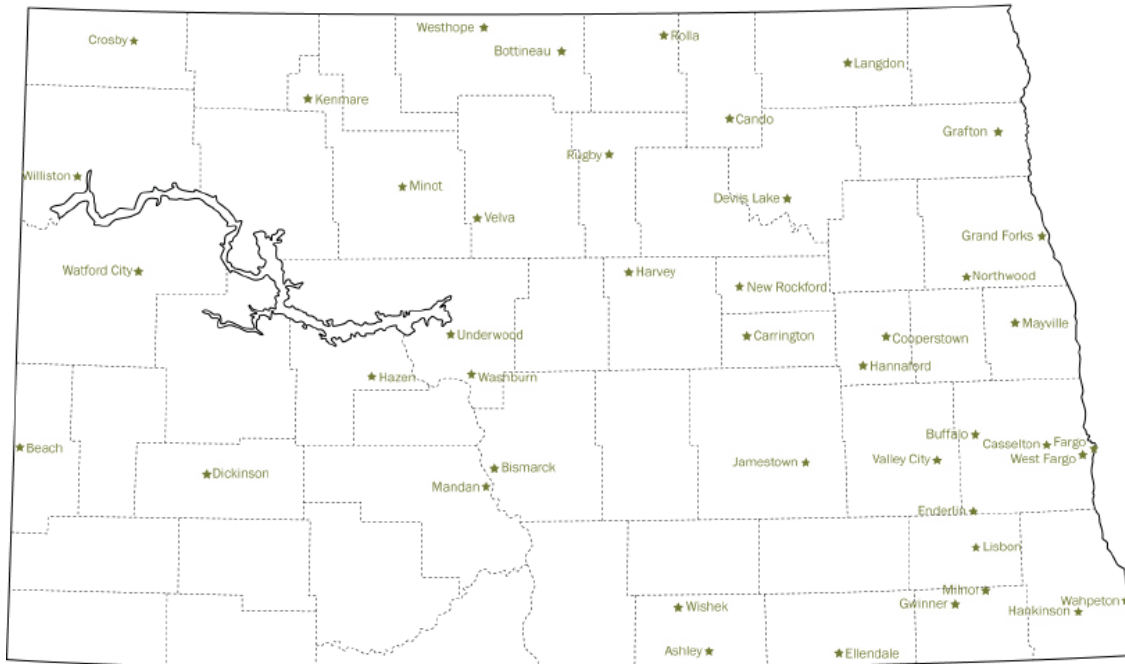
**CHILDCARE LOANS
10**

**TOTAL
FUNDING
\$7.7 MILLION**

APPENDIX – COMMERCE COMMUNITY IMPACT MAPS

COMMUNITIES IMPACTED BY COMMERCE PROGRAMS

RENAISSANCE ZONES • SINCE 1999

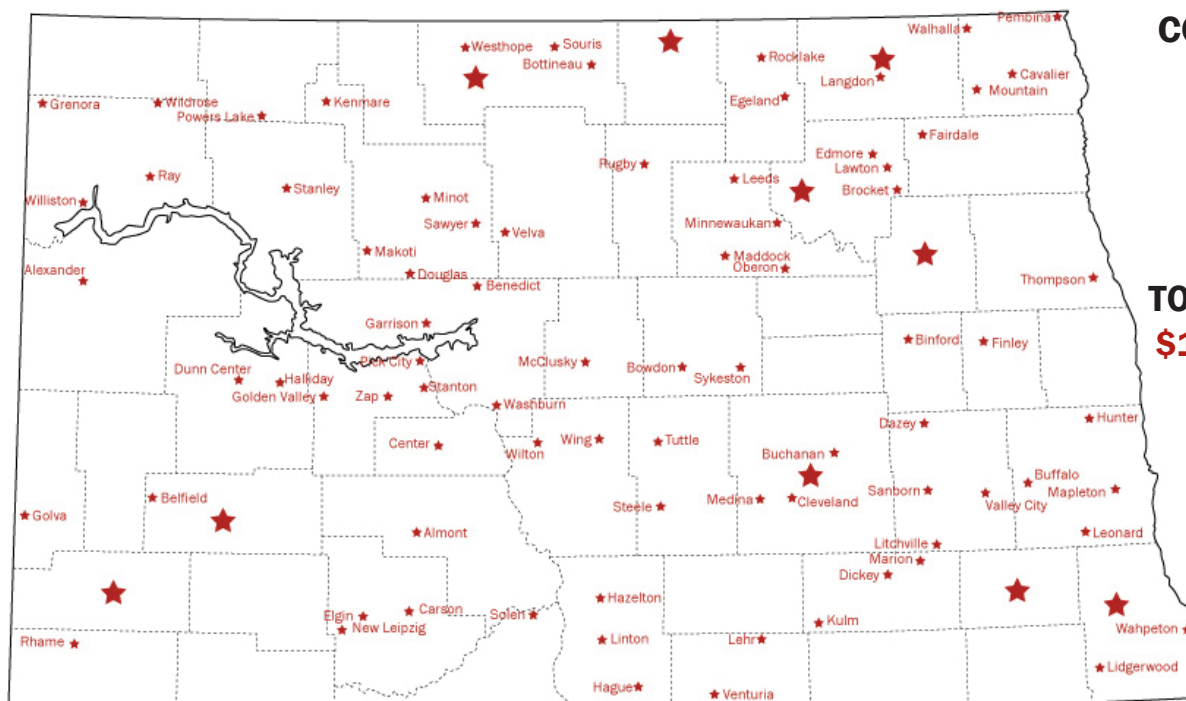


**RENAISSANCE
ZONES**
49

**TOTAL
APPROVED
949 PROJECTS**

**TOTAL
COMPLETED
726**

COMMUNITY DEVELOPMENT BLOCK GRANTS • 2009-2010



COMMUNITIES
81

COUNTIES
10

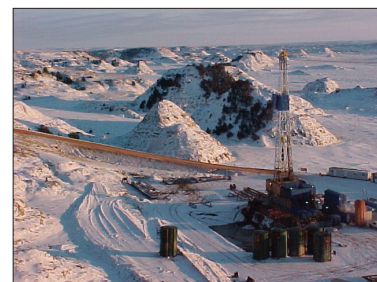
TOTAL FUNDING
\$11.4 MILLION

ADDENDUM – INFRASTRUCTURE DEVELOPMENT

IDENTIFYING & ASSESSING INFRASTRUCTURE NEEDS IN ENERGY GROWTH AREAS

ADDRESSING INFRASTRUCTURE CHALLENGES DUE TO ENERGY GROWTH

The State of North Dakota partnered with local governments in oil-producing counties to assist them to address current and future challenges in infrastructure relating to the significant growth in jobs, industry, population and wages in their communities. The goal was to help identify and assess the needs of cities and counties to address energy growth and sustainability of needed infrastructure.



Meetings to gather community concerns and information were held in July & August of 2010 in the following cities and surrounding areas: Bottineau, Bowbells, Bowman, Crosby, Dickinson, Kildeer, Minot, Mohall, New Town, Stanley, Watford City and Williston.

Common themes from the meetings included: additional law enforcement; amounts of state aid; difficulty in predicting new development; better management of impacts on roads; lack of housing; and impact on tourism industry.

4 Efforts to Identify & Assess Needs

The State, through the cooperative efforts of the Housing Finance Agency, Bank of North Dakota, Department of Transportation and Commerce, used a four-part strategy to assist cities and counties in identifying areas where infrastructure development is most crucial.

/// View the study results for the below at www.commerce.nd.gov/resources



Transportation

A study was conducted by the Upper Great Plains Transportation Institute, in cooperation with the Oil and Gas Producing Counties, Department of Transportation and Commerce, to get a comprehensive understanding of road needs. The findings supported Gov. Dalrymple's proposed \$958 million for western infrastructure.



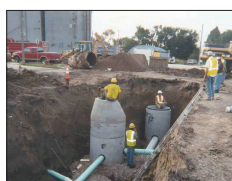
Housing

In cooperation, the North Dakota Housing Finance Agency, the Department of Commerce and the Bank of North Dakota helped support the development of a comprehensive assessment of current and projected housing needs.



Workforce

In cooperation, the North Dakota Petroleum Council and the North Dakota Department of Commerce conducted a study to identify labor and skill needs to sustain and grow the workforce that supports the oil and gas industry.



Technical Assistance

Commerce provided \$300,000 of matching funds to assist cities and counties in oil development areas in crafting plans for water, sewer and other infrastructure needs.



WWW.NDCOMMERCE.COM

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